What We've Learned From Videotext

Lots Of Potential, Lots Of Mistakes

BY KEVIN SAVETZ

Since the 1970s, videotext has been heralded as the medium that would change the world. Pundits prophesied that in a few years, videotext would allow the masses to shop and bank from home, and have every conceivable bit of information electronically at their fingertips.

With the benefit of hindsight, we know that videotext didn't quite turn out as expected. Most people don't shop, work, or pay their bills from home. (And a lot of us can't even program our VCRs.) So, what went wrong with videotext?

In 1992, subscribers to all US online services topped 3.3 million, up 24% from 1991. Despite the rapid growth, only a small portion of Americans actually use online services.

WHAT IS VIDEOTEXT?

Loosely defined, "videotext" refers to a two-way link, using a computer terminal, to communicate with an information service via telephone lines.

A more strict definition calls videotext a medium, aimed at the mass market, using computer and telecommunications technologies to deliver interactive services for personal use in the home, office, or public locations.

Although services such as Prodigy and CompuServe are clearly videotext, do private bulletin board systems (BBSes) and electronic databases, such as DIALOG and Nexis, fall under the term? Although some take the view that videotext services include any system delivering electronic information to a screen, the consensus is that a service is videotext if it is aimed at the mass market (rather than, for example, only students or professionals) and is primarily entertainment-oriented. A medical database, for instance, is not entertaining, nor is it used by the general public—it's not videotext. Neither is a private BBS that supports only one user at a time, or a credit reporting service.

Under this definition, text-based services like CompuServe and Delphi, and graphics-oriented services, like Prodigy and America Online, are videotext.

Videotext differs from most other mass media in one key manner: it is interactive. It allows users to structure their information to fit their needs—this is impossible using television and print media. Also, videotext is not a passive medium—unlike television, which can be watched or ignored, videotext requires the user's undivided attention.

PROBLEMS WITH VIDEOTEXT

Videotext providers have, in the past, been quick to make assumptions about the market. Marketing reports for the early '80s were rife with claims that the public would clamor for information delivered electronically. The public didn't, but videotext providers learned from their mistakes.

Newspaper chain Knight-Ridder launched a teletext service called Viewtron in the early 1980s. The graphical system was slow, the information was sparse, and subscribers needed special terminals that cost hundreds of dollars. Knight-Ridder wanted to provide the "McDonald's of videotext" to upscale consumers, not realizing that the upscale do not dine on fast food. Knight-Ridder did not understand the market. Viewtron was taken offline in 1982.

Here are some reasons for failure and the major lessons learned from videotext failures:

• Videotext services cannot provide only information that is available through other media. Newspapers, magazines and radio and television news are quick, inexpensive, and can be used anywhere. For this sort of information, consumers are unwilling to exert the extra effort necessary to get their information online.

• Consumers do not consider videotext a necessity. They pay for videotext with disposable income—so they expect videotext to entertain them. A system that is not primarily for entertainment probably will not hold the public's attention. Entertainment functions include online chat systems, public bulletin boards, and multi-player games. The interactivity intrinsic to videotext must be fully utilized.

• Depending on the service, the use of videotext ties up the computer, telephone, or television.

• As noted earlier, videotext requires the user's undivided attention. It requires concentration and interaction, which consumers are not used to in a medium.

• Finally, many videotext systems are perceived to be too slow. The lag time between requesting information and receiving it can be as much as half a minute on systems that must send complicated graphics on a slow phone link. Complex systems with a steep learning curve are also a problem. Users want information quickly, and will become frustrated trying to learn complex commands.

VIDEOTEXT SUCESS

Videotext has its benefits, however, and has proven successful in the United States and elsewhere.

The classic venture to put videotext in every US household is Prodigy, a joint venture of IBM and Sears Roebuck. Introduced in 1988, Prodigy runs on personal computers with standard modems. Prodigy has yet

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to turn a profit. However, with over 2.1 million users on 1.2 million accounts, it has shown that there is a market for videotext in the United States.

The most famous example of videotext gone right is France's Minitel system. Over five million Minitel terminals are installed in France. The system is so ubiquitous that using it has been called "as mundane in France as croissants." It was set up in 1980 as a social service to prepare a "technologically illiterate" society for the information age. Now a full-fledged industry, Minitel has created ten thousand new jobs and is generating more than $1 billion in revenues each year. The various services accessible from Minitel include banking, transportation, phone number lookup, and soft-porn bulletin board systems.

Minitel began with only a telephone directory service. The telephone company stopped printing standard telephone directories, which spurred Minitel's usage. Minitel terminals are now available in public places such as post offices. New services quickly appeared on Minitel, including popular chat lines. One chat service receives revenues of $135,000 a month, and another handles one hundred eighty thousand hours of calls a month.

In the first six months of 1989, there were three hundred seventy million Minitel calls, up 21% from the same period in 1988. As of November, 1992, there were six million Minitel users worldwide and eighteen thousand services, proving there is a market for videotext under the right circumstances.

Minitel has been a success in France for several important reasons:

- It is subsidized by the government. Costs to users are kept low because the government has invested heavily in Minitel. Commercial videotext ventures in other countries have not had a similar financial benefit.
- At the start, users did not have to pay for the equipment. During the first few years of Minitel service, terminals were given away. The terminals cost $165 to manufacture, and the French telephone company hopes that increased telephone traffic will recover the cost of free distribution. Users now may pay a nominal fee to purchase or rent Minitel terminals.
- Minitel is easy to use, featuring a single national access number, no sign-up fees, and a uniform menu system. Also, a Minitel terminal doesn't take up much space.

Although differing opinions abound on this subject, time has shown that although videotext increases competition for the public's time and for advertising dollars, it doesn't pose a huge threat to other media.

HOW WE USE VIDEOTEXT

One study that investigated consumer perceptions of videotext suggested that it is perceived as being more "personal" than noninteractive media. It also suggested that in some situations, the new electronic media are harder to use.

Upscale farmers have found that videotext is the best source for perishable, highly volatile information about market prices. For more stable information, however, videotext is complementing, not replacing, older sources of information.

A study that tracked how much online time was spent reading various types of information on one videotext service, Dow Jones News/Retrieval, showed that just over a third (36%) of the time was spent reading news, weather and sports; 12% was used checking the airline schedules, 9% in reading medical information, 8% for company news, 7% in movie reviews and about 5% in the encyclopedia. The remaining time was used to access stock data and other business information.

However, while newspapers lend themselves to "scanning," the format of videotext forces information into a more structured system. Because of the hierarchical structure of databases, it is often difficult to browse a videotext system without a goal in mind.

The structured format of videotext may cause people to miss important information that they would have received using other media. Without the editor's cues of newspapers and magazines, users may only find information that is interesting and agreeable to them—and miss important news and social issues.

VIDEOTEXT AND BUSINESS

Although some advertisers have accepted videotext, some have not been quick to embrace it. On-screen advertising defrays the online cost of Prodigy, which devotes about one-fifth of the screen to advertisements. The system has demographic data on each user, allowing advertising to be sent only to the precise advertising market desired.

However, it has been suggested that this practice produces fragmented advertising audiences, and leads to the inability to reach mass markets. If the new, more specialized markets are too small for advertising support, the service will lose money as advertisers shy away.

America Online features far fewer advertisers than Prodigy. According to the company, AOL users aren't very interested in shopping online.

The future of videotext for business is bright. The trade-off is that larger corporations will support interactive media in the home only if the information can be used for marketing purposes.

In Japan, videotext is being used for mar

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Upscale farmers have found that videotext is the best source for perishable, highly volatile information about market prices.

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keting research applications. Using the system, one thousand personal computers are connected with information centers through the phone system. Since 1988, one company has conducted over 1one hundred different surveys of three thousand samples each. The company hopes to eventually replace the personal interview method of research with videotext research.

The major advantage of this system is that it is far less expensive than conducting in-person interviews. It will also be possible to collect larger samples than can be made in person. They hope to soon collect data from as many as ten thousand respondents, thus increasing the sample size and decreasing the margin of error of the samples. With the current sample size, videotext samples need to be offset by other sampling methods. Videotext samples also reduce bias that may result from in-person interviews.

A disadvantage of the system is that videotext surveys must be shorter than those using other sampling methods. Users tire of entering responses on a keyboard, and open-ended questions are usually just left unanswered. Also, videotext sampling effectively excludes from the sample those who cannot afford a computer terminal.

EFFECTS ON OTHER MEDIA

An obvious question is: how will videotext affect the other mass media? Although differing opinions abound on this subject, time has shown that although videotext increases competition for the public's time and for advertising dollars, it doesn't pose a huge threat to other media.

Because it requires expensive equipment and expertise, videotext cannot compete with an inexpensive color television or a fifty cent newspaper. But the cost of computer terminals is dropping rapidly—a home personal computer is well within the financial grasp of many families in the United States.

Electronic media will undoubtedly continue to intensify competition for advertising dollars, and will expand their share of the market. For now, though, the old standby media are in no danger of financial ruin from videotext.

Videotext is thriving. The pundits of a decade ago were wrong about the services available and the number of people using them. Business and the public have been slower to accept this new medium than we guessed. Businesses are just beginning to learn what videotext can do, what the public will accept, what advertisers want, and how to compete with other media. Perhaps in another decade or two, as more and more people plug in to the "global village" of computer networks, the public will begin to see videotext not as a convenience, but a necessity. ■

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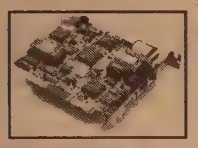

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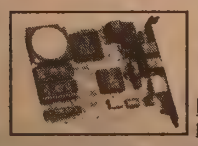

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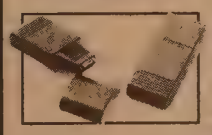

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